

2 Self-Help Lending in Context

Established in 1980, Self-Help is a nonprofit organization that advocates for and facilitates lending to individuals and communities that are unlikely to be served by mainstream financial institutions. Among other lending activities, Self-Help operates a secondary market program for private lenders who make home mortgage loans to individuals in low-income or minority communities.

The institutions with which Self-Help has partnered as a part of this secondary market program originate and typically service loans that are then purchased by Self-Help. Self-Help eventually sells many of these loans to Fannie Mae while retaining recourse. Although the specific lending rules that are applied at loan origination vary by originating institution, most of these loans are made to borrowers whom Self-Help targets as a part of its mission. In particular, Self-Help's charitability criteria stipulate that these borrowers must have the following characteristics:

- The borrower's household income is at or below 80% of the US Department of Housing and Urban Development's (HUD's) household area median income (AMI) of the metropolitan statistical area (MSA) or, for non-MSAs, the borrower's household income is at or below 80% of the HUD's household AMI for that county. AMI's have to be based on the loan date year.

OR

- The borrower's household income is greater than 80% but less than or equal to 115% of the HUD's household AMI for that MSA *AND* fulfills one or more of the following conditions:
 - The borrower lives in a low-income census tract: low-income census tracts located in MSA's are tracts where household median income is less than 80% of the MSA's